

SENATE BILL 512

By Lundberg

AN ACT to amend Tennessee Code Annotated, Title 67,
Chapter 6, relative to temporary tax relief for
certain retailers and businesses.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 67, Chapter 6, Part 5, is amended by
adding the following as a new section:

67-6-546.

(a) As used in this section:

(1) "Mobile food services industry" means retailers primarily engaged in preparing and serving meals, snacks, or nonalcoholic beverages for immediate consumption from motorized vehicles or nonmotorized carts. "Mobile food services industry" does not include retailers delivering food prepared only by third parties or retailers shipping meal kits, heat-at-home meals, or other unprepared food to consumers for home consumption;

(2) "Qualifying retailer" means a retailer doing business in this state that timely files sales tax returns as required under this chapter and that:

(A) Operates in the restaurant and other eating places industry or the mobile food services industry; or

(B) Is engaged in business with the public and has incurred a loss of revenue of at least twenty-five percent (25%) during the specified sales tax period;

(3) "Restaurant and other eating places industry":

(A) Means establishments that are open to the public, are known as restaurants, cafes, lunch counters, and carryout shops, and are primarily engaged in one (1) of the following:

(i) Providing prepared food services at a fixed, physical premises to patrons who order and are served while seated, and who pay after eating;

(ii) Providing prepared food services at a fixed, physical premises to patrons who generally order or select items and who pay before eating; or

(iii) Preparing or serving specialty snacks or nonalcoholic beverages at a fixed, physical premises to patrons who pay before eating for consumption on or near the premises; and

(B) Does not include establishments selling food from mobile vehicles or drive-through windows, establishments presenting live theatrical productions and other entertainment facilities, hotels or bed and breakfast establishments, specialty food stores, vending machines, caterers or other food service contractors, or private cafeterias at workplaces, universities, or hospitals;

(4) "Specified sales tax period" means retail sales made on or after May 1, 2021, and before September 1, 2021, during which monthly returns must be filed pursuant to this chapter; and

(5) "State net taxable sales" means all retail sales made by the qualifying retailer during the specified sales tax period of tangible personal property or services taxable by the state under this chapter, less any deductions and

exemptions authorized in this chapter, without regard to the deduction authorized in this section.

(b)

(1) A qualifying retailer may deduct from state net taxable sales the lesser of state net taxable sales or fifty thousand dollars (\$50,000) and retain the resulting state sales tax collected for each month in the specified sales tax period.

(2) One (1) deduction described in this section is allowed per month for each of up to three (3) fixed physical premises that are properly licensed under this chapter to a qualifying retailer. No deduction is allowed for:

(A) Nonphysical sites that are established for purposes of reporting sales delivered into a taxing jurisdiction; or

(B) Any temporary place of business or special event.

(c) A qualifying retailer in the mobile food services industry may deduct from state net taxable sales the lesser of aggregate state net taxable sales for all sites or fifty thousand dollars (\$50,000) per motorized vehicle or nonmotorized cart, not to exceed three (3) motorized vehicles or nonmotorized carts, and retain the resulting state sales tax collected for each month in the specified sales tax period.

(d) If a qualifying retailer is in both the restaurant and other eating places industry and the mobile food services industry, the qualifying retailer may claim the deduction for no more than three (3) physical sites and for no more than three (3) motorized vehicles and nonmotorized carts.

(e) The deduction and sales tax retention allowed in this section applies to state net taxable sales only. Qualifying retailers shall not retain payment of city, county, or special district sales taxes collected by the department of revenue.

(f) A qualifying retailer as defined in subdivision (a)(2)(B) shall submit satisfactory proof of the loss of revenue to the department of revenue with each monthly return on which it seeks a deduction pursuant to this section.

(g) This section is repealed on December 31, 2026.

SECTION 2. This act takes effect upon becoming a law, the public welfare requiring it.